

January 7, 2005

The President
The White House
Washington, DC 20500

Dear Mr. President:

We are writing as the Executive Committee of the National Association of Counties and on behalf of the nation's 3066 counties. As the 109th Congress convenes you will begin debate on a number of domestic initiatives that are crucial to the stability of our citizens. One of those key issues is reforming the Medicaid program. Medicaid reform should result in cost savings and efficiencies for the federal, state and county governments. We are concerned that efforts to reform the system will come in the form of additional costs to state and local governments through cost shifting particularly if done through a budget reduction and reconciliation process.

Counties are committed to working collaboratively with the federal government to accomplish our shared goal of providing quality, cost-effective health care. Counties are unique in their responsibility to both finance and deliver health services. The myriad ways that health care is financed, organized, monitored and delivered are all played out in local communities. County governments are more accessible to their residents than state and federal governments and, being closer to the issues, are more likely to see the effects of our local health system in its entirety. The pressure to address inequities and system failures thus falls heaviest on counties, even though counties are often the least able of government jurisdictions to absorb the increased financial responsibility.

In the State of New York for example, counties budgeted for an average Medicaid growth of 14.7 percent in 2004. State statistics indicate that the net Medicaid local share for 2003 topped \$5.56 billion which was an 11.3 percent increase over 2002. A recent report shows New Hampshire's eleven county nursing homes were severely under funded by over \$37 million in 2003. The shortfall demonstrates that the state Medicaid reimbursement system under funds county nursing homes by nearly 33 percent. This shortfall is funded 100 percent through county property tax dollars. Additionally, in the state of North Carolina county budgets cannot keep pace with the rising health care costs. North Carolina counties are projected to spend nearly \$520 million toward the non-federal Medicaid match this year. The Gaston County, NC share of Medicaid grew from \$7.1 million in 2000 to \$13.9 million this year, an increase of more than 20 percent per year. Medicaid is a vitally important program to our nation's counties, particularly large urban counties such as Los Angeles County where the County serves over 2 million uninsured individuals. Examples such as these abound throughout our nation's counties.

We understand the need for Medicaid reform but simply shifting federal costs to states and counties, as a deficit reduction strategy is wrong. Currently many county services are being unmet due to the rising costs associated with uncompensated health care which are seriously depleting our local budgets. Recent surveys of states show Medicaid now averaging 22 percent of state budgets. As we implement the Medicare Modernization Act for the millions of dual eligible beneficiaries our costs will no doubt increase further.

Again, on behalf of America's counties, we look forward to working closely with the Administration and Congress to reform this invaluable program.

Respectfully,

Angelo D. Kyle
President
National Association of Counties

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President-Elect
National Association of Counties

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